



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Adopt Resolution Authorizing the City Manager to Execute a Two-year Professional Services Agreement with Z-Global Engineering and Energy Solutions of Folsom for Compliance Services with Administration by the Electric Utility Director (\$103,800)

**MEETING DATE:** October 5, 2011

**PREPARED BY:** Electric Utility Director

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**RECOMMENDED ACTION:** Adopt a resolution authorizing the City Manager to execute a two-year Professional Services Agreement with Z-Global Engineering and Energy Solutions of Folsom for Compliance Services with Administration by the Electric Utility Director in an amount not to exceed \$103,800.

**BACKGROUND INFORMATION:** Reliability standards are the planning and operating rules that electric utilities follow to ensure the most reliable system possible. These standards are developed by the industry using a balanced, open, fair and inclusive process managed by the North American Electric Reliability Corporation (NERC).

As of June 18, 2007, the U.S. Federal Energy Regulatory Commission granted NERC the legal authority to enforce reliability standards with all users, owners, and operators of the bulk power system in the United States, and made compliance with those standards mandatory and enforceable. These entities are required to register with NERC through the appropriate regional entity. Utilities and other bulk power industry participants that violate any of the standards are subject to sanctions and monetary penalties of up to \$1 million per day.

NERC's compliance efforts comprise three key activities:

1. Compliance Monitoring: the process used to assess, investigate, evaluate, and audit in order to measure compliance with NERC standards.
2. Compliance Enforcement: the process by which NERC issues sanctions and ensures mitigation of confirmed violations of mandatory NERC reliability standards. As part of these efforts, NERC can also issue remedial action directives to immediately address and deter new or further violation(s), irrespective of the presence or status (i.e. confirmed or alleged) of a violation. Sanctioning of confirmed violations is determined pursuant to the NERC Sanction Guidelines and is based heavily upon the Violation Risk Factors and Violation Severity Levels of the standards requirements violated and the violations' duration. Entities found in violation of any standard must submit a mitigation plan for approval by NERC and, once approved, must execute this plan as submitted.

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APPROVED:

A handwritten signature in black ink, appearing to read "W. Bartlam", written over a horizontal line.

Wonradt Bartlam, City Manager

3. Due Process: provides registered entities the opportunity to contest any finding of a violation of a NERC reliability standard. The process allows for hearings at the regional entity and appeals before NERC. Further appeals may be possible at the appropriate governmental authority.

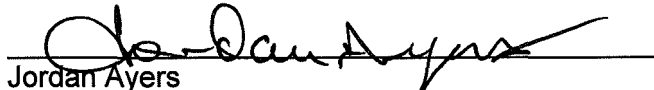
The City of Lodi Electric Utility Department (LEU) as required by NERC is registered with the Western Electricity Coordinating Council (WECC) as a Load Serving Entity (LSE) and Distribution Provider (DP). To date LEU has provided the WECC with all required documentation to demonstrate compliance with the NERC reliability standards applicable to LSEs and DPs. In order to remain compliant and avoid costly penalties, LEU needs a robust compliance program that meets and/or exceeds required NERC/WECC reliability standards requirements by:

- Establishing a centralized compliance management system used to manage standards, document their basis for compliance and track mitigation and compliance activities.
- Performing an analysis of current compliance, conducting process and plan reviews and addressing gaps with a prioritized list of remediation recommendations and follow up tasks.
- Writing and/or assisting in writing procedures and/or policies identified by gap analysis.
- Conducting a mock audit in preparation for an official audit by NERC/WECC.

Lodi Electric Utility does not have the staffing to prepare this work internally. Staff researched various firms that provide this service and consulted with Northern California Power Agency members who have retained compliance specialists. Staff has determined the experience and expertise of Z-Global Engineering and Energy Solutions are best suited to meet LEU's compliance needs as shown on their proposal as attached to the Professional Services Agreement.

**FISCAL IMPACT:** \$103,800, but the impact of not performing the tasks could subject the utility to immense fines and penalties.

**FUNDING:** Included in FY2011/12 Budget Account Numbers 160601 and 160652.

  
Jordan Ayers  
Deputy City Manager/Internal Services Director

  
Elizabeth A. Kirkley  
Electric Utility Director

**PREPARED BY:** Kevin Riedinger, Electric Operations Superintendent

EAK/KR/lst

## **AGREEMENT FOR PROFESSIONAL SERVICES**

### **ARTICLE 1 PARTIES AND PURPOSE**

#### **Section 1.1 Parties**

THIS AGREEMENT is entered into on October 5, 2011, by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and Z Global Engineering and Energy Solutions (hereinafter "CONTRACTOR").

#### **Section 1.2 Purpose**

CITY selected the CONTRACTOR to provide the services required in accordance with attached Scope of Services, Exhibit A, attached and incorporated by this reference.

CITY wishes to enter into an agreement with CONTRACTOR for the formation of a partnership in the management of the North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) compliance program (hereinafter "Project") as set forth in the Scope of Services attached here as Exhibit A. CONTRACTOR acknowledges that it is qualified to provide such services to CITY.

### **ARTICLE 2 SCOPE OF SERVICES**

#### **Section 2.1 Scope of Services**

CONTRACTOR, for the benefit and at the direction of CITY, shall perform the Scope of Services as set forth in Exhibit A.

#### **Section 2.2 Time For Commencement and Completion of Work**

CONTRACTOR shall commence work pursuant to this Agreement, upon receipt of a written notice to proceed from CITY or on the date set forth in Section 2.6, whichever occurs first, and shall perform all services diligently and complete work under this Agreement based on a mutually agreed upon timeline or as otherwise designated in the Scope of Services.

CONTRACTOR shall submit to CITY such reports, diagrams, drawings and other work products as may be designated in the Scope of Services.

CONTRACTOR shall not be responsible for delays caused by the failure of CITY staff to provide required data or review documents within the appropriate time frames. The review time by CITY and any other agencies involved in the project shall not be

counted against CONTRACTOR's contract performance period. Also, any delays due to weather, vandalism, acts of God, etc., shall not be counted. CONTRACTOR shall remain in contact with reviewing agencies and make all efforts to review and return all comments.

### **Section 2.3 Meetings**

CONTRACTOR shall attend meetings as may be set forth in the Scope of Services.

### **Section 2.4 Staffing**

CONTRACTOR acknowledges that CITY has relied on CONTRACTORs capabilities and on the qualifications of CONTRACTORs principals and staff as identified in its proposal to CITY. The Scope of Services shall be performed by CONTRACTOR, unless agreed to otherwise by CITY in writing. CITY shall be notified by CONTRACTOR of any change of Project Manager and CITY is granted the right of approval of all original, additional and replacement personnel at CITY's sole discretion and shall be notified by CONTRACTOR of any changes of CONTRACTOR's project staff prior to any change.

CONTRACTOR represents it is prepared to and can perform all services within the Scope of Services (Exhibit A) and is prepared to and can perform all services specified therein. CONTRACTOR represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONTRACTOR to practice its profession, and that CONTRACTOR shall, at its own cost and expense, keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals, and shall indemnify, defend and hold harmless CITY against any costs associated with such licenses, permits, qualifications, insurance and approvals which may be imposed against CITY under this Agreement.

### **Section 2.5 Subcontracts**

Unless prior written approval of CITY is obtained, CONTRACTOR shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

### **Section 2.6 Term**

The term of this Agreement commences on October 6, 2011 and terminates upon the completion of the Scope of Services or on October 6, 2013, whichever occurs first.

**Section 2.7 Option to Extend**

The City may exercise an option to extend this contract one (1) additional year on 30-days written notice to Contractor prior to the expiration of the existing term, all terms and conditions remain as set forth herein, with the exception of allowing the Contractor to increase its fee by an amount not to exceed six percent (6%) of the original amount.

**ARTICLE 3**  
**COMPENSATION****Section 3.1 Compensation**

CONTRACTOR's compensation for all work under this Agreement shall conform to the provisions of the Fee Proposal, attached hereto as Exhibit B and incorporated by this reference.

CONTRACTOR shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

**Section 3.2 Method of Payment**

CONTRACTOR shall submit invoices for completed work on a monthly basis, or as otherwise agreed, providing, without limitation, details as to amount of hours, individual performing said work, hourly rate, and indicating to what aspect of the Scope of Services said work is attributable. CONTRACTOR's compensation for all work under this Agreement shall not exceed the amount of the Fee Proposal.

**Section 3.3 Costs**

The Fee Proposal shall include all reimbursable costs required for the performance of the Scope of Services. Payment of additional reimbursable costs considered to be over and above those inherent in the original Scope of Services shall be approved in advanced and in writing, by CITY.

**Section 3.4 Auditing**

CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under this Agreement. Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with necessary information and assistance needed to conduct such an audit.

CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and

inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

#### **ARTICLE 4 SPECIAL PROVISIONS**

##### **Section 4.1 Nondiscrimination**

In performing services under this Agreement, CONTRACTOR shall not discriminate in the employment of its employees or in the engagement of any subcontractor on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

##### **Section 4.2 ADA Compliance**

In performing services under this Agreement, CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, and all amendments thereto, as well as all applicable regulations and guidelines issued pursuant to the ADA.

##### **§ 4.3 Indemnification and Responsibility for Damage**

CONTRACTOR to the fullest extent permitted by law, shall indemnify and hold harmless CITY, its elected and appointed officials, directors, officers, employees and volunteers from and against any claims, damages, losses, and expenses (including reasonable attorney's fees), arising out of performance of the services to be performed under this Agreement, provided that any such claim, damage, loss, or expense is caused by the negligent acts, errors or omissions of CONTRACTOR, any subcontractor employed directly by CONTRACTOR, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, except those injuries or damages arising out of the active negligence of the City of Lodi or its officers or agents.

##### **Section 4.4 No Personal Liability**

Neither the City Council, nor any other officer or authorized assistant or agent or City employee shall be personally responsible for any liability arising under this Agreement.

**Section 4.5    Responsibility of CITY**

CITY shall not be held responsible for the care or protection of any material or parts of the work described in the Scope of Services prior to final acceptance by CITY, except as expressly provided herein.

**Section 4.6    Insurance Requirements for CONTRACTOR**

CONTRACTOR shall take out and maintain during the life of this Agreement, insurance coverage as set forth in Exhibit C attached hereto and incorporated by this reference.

**Section 4.7    Successors and Assigns**

CITY and CONTRACTOR each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONTRACTOR shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

**Section 4.8    Notices**

Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To CITY:                      City of Lodi  
                                      221 West Pine Street  
                                      P.O. Box 3006  
                                      Lodi, CA 95241-1910  
                                      Attn: Electric Operations Superintendent

To CONTRACTOR:    Z Global Engineering and Energy Solutions  
                                  Attn: Mary Jo Cooper  
                                  604 Sutter Street, Suite 250  
                                  Folsom, CA 95630

**Section 4.9    Cooperation of CITY**

CITY shall cooperate fully and in a timely manner in providing relevant information it has at its disposal relevant to the Scope of Services.

**Section 4.10   CONTRACTOR is Not an Employee of CITY**

CONTRACTOR agrees that in undertaking the duties to be performed under this Agreement, it shall act as an independent contractor for and on behalf of CITY and not

an employee of CITY. CITY shall not direct the work and means for accomplishment of the services and work to be performed hereunder. CITY, however, retains the right to require that work performed by CONTRACTOR meet specific standards without regard to the manner and means of accomplishment thereof.

**Section 4.11 Termination**

CITY may terminate this Agreement, with or without cause, by giving CONTRACTOR at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase. Upon termination, CONTRACTOR shall be entitled to payment as set forth in the attached Exhibit B to the extent that the work has been performed. Upon termination, CONTRACTOR shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from services not completed or for contracts entered into by CONTRACTOR with third parties in reliance upon this Agreement.

**Section 4.12 Confidentiality**

CONTRACTOR agrees to maintain confidentiality of all work and work products produced under this Agreement, except to the extent otherwise required by law or permitted in writing by CITY. CITY agrees to maintain confidentiality of any documents owned by CONTRACTOR and clearly marked by CONTRACTOR as "Confidential" or "Proprietary", except to the extent otherwise required by law or permitted in writing by CONTRACTOR. CONTRACTOR acknowledges that CITY is subject to the California Public Records Act.

**Section 4.13 Applicable Law, Jurisdiction, Severability, and Attorney's Fees**

This Agreement shall be governed by the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be venued with the San Joaquin County Superior Court. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in force and effect. In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the San Joaquin County Superior Court.



**Section 4.14 City Business License Requirement**

CONTRACTOR acknowledges that Lodi Municipal Code Section 3.01.020 requires CONTRACTOR to have a city business license and CONTRACTOR agrees to secure such license and pay the appropriate fees prior to performing any work hereunder.

**Section 4.15 Captions**

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent hereunder.

**Section 4.16 Integration and Modification**

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

**Section 4.17 Contract Terms Prevail**

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

**Section 4.18 Severability**

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

**Section 4.19 Ownership of Documents**

All documents, photographs, reports, analyses, audits, computer media, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared under this Agreement, shall be deemed the property of CITY. Upon CITY's request, CONTRACTOR shall allow CITY to inspect all such documents during CONTRACTOR's regular business hours. Upon termination or completion of services under this Agreement, all information collected, work product and documents shall be delivered by CONTRACTOR to CITY within ten (10) calendar days.

CITY agrees to indemnify, defend and hold CONTRACTOR harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were intended.

**Section 4.20 Authority**

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

**Section 4.21 Federal Transit Funding Conditions**

☐ If the box at the left is checked, the Federal Transit Funding conditions attached as Exhibit D apply to this Agreement. In the event of a conflict between the terms of this Agreement or any of its other exhibits, and the Federal Transit Funding Conditions, the Federal Transit Funding Conditions will control.

**IN WITNESS WHEREOF, CITY and CONTRACTOR have executed this Agreement as of the date first above written.**

CITY OF LODI, a municipal corporation


ATTEST:

\_\_\_\_\_  
RANDI JOHL  
City Clerk

\_\_\_\_\_  
KONRADT BARTLAM, City Manager

APPROVED AS TO FORM:  
D. STEPHEN SCHWABAUER, City Attorney  
JANICE D. MAGDICH, Deputy City Attorney

CONTRACTOR:  
Z GLOBAL ENGINEERING & ENERGY  
SOLUTIONS

By: \_\_\_\_\_  


By: \_\_\_\_\_  
Name: MARY JO COOPER  
Title: Director Compliance

**Attachments:**  
**Exhibit A - Scope of Services**  
**Exhibit B - Fee Proposal**  
**Exhibit C - Insurance Requirements**  
**Exhibit D - Federal Transit Funding Conditions (if applicable)**

**Doc ID:**

**CA:rev.01.2011**



## **Proposal for: City of Lodi**

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### **Partnering to Provide Compliance Management Services**

**8/22/2011**

## Scope of Work

### SUMMARY

ZGlobal is pleased to offer our services to the City of Lodi to form a partnership in the management of the North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) compliance program. This proposal describes the scope of work offered, the costs, and our compliance management team's qualifications.

The City of Lodi Electric Utility (the City) is a customer-owned city-operated utility providing reliable electrical energy to residential, commercial and industrial customers since 1910. The City is interconnected to the Bulk Electric System through a series of 60 kV distribution lines interfaced to Pacific Gas and Electric (PG&E) transmission system. The City's peak load was 128 MW while serving 65 thousand customers. Lodi operates under frequency load shedding relays that are designed to activate when the distribution system frequency drops below the nominal frequency established by WECC.

The City is register as a Load Serving Entity and Distribution Provider in accordance with the NERC Statement of Registry Criteria, revision 5.0.

The proposal for the review and partnership to manage the City's compliance program includes the following:

- A web based software solution for monitoring and managing the compliance program;
- Assessment of all regulatory standards that describe applicability, method of compliance, and documentation of all processes, review or creation of procedures, forms, and other documents and training. The processes covered to meet the City's compliance program as a registered Load Serving Entity and Distribution Provider include:
  - Sabotage identification and reporting
  - Risk based assessment of critical assets
  - Bulk electric system disturbance identification and reporting
  - Facility interconnection requirements
  - Telecommunication and communication protocol
  - Energy emergency alert response
  - Capacity benefit margin
  - Long and short-term actual and forecast load assessment including demand side management products
  - Maintenance, testing, and monitoring
  - UFLS assessment and reporting
  - Protection system misoperations reporting
  - Relay settings documentation
  - Uniform line identifiers
  - NERC alert response
  - NERC investigation requests

We will assist the City's management team with building a strong internal compliance program led by the City. ZGlobal will provide recommendations, documentation of the program, and support which includes among other things an annual internal audit of all standards. We will also assist in the monitoring of NERC alerts and respond or assist with responding, if desired by the City.

## Scope of Work

City of Lodi will be responsible for:

- Reviewing, editing, and approving all documentation provided. The documentation will include procedures, forms, suggested controls, a formalized documented internal compliance program, and status reports.
- Ownership and implementation of the procedures.
- Completion of on-going operational forms.
- Participation in the training programs.
- Gathering historical evidence for ZGlobal review.
- Implementing the internal compliance program.
- Reviewing and approving self-certification reports.
- Supporting, reviewing, and participating in preparing responses to Standards Authorization Requests, and other FERC/NERC/WECC policies and criteria.
- Participating in and approving responses to NERC investigations.

## COMPLIANCE SYSTEM

ZGlobal will manage a web based compliance monitoring solution for the City. This solution uses the secure Microsoft Online SharePoint program which utilizes cloud technology.

The solution will document the City's methodologies for complying with the standards and maintain evidence. Customized reporting forms will track and manage ongoing operational processes required as part of the compliance program. For example, the system will include a form for tracking and logging maintenance, sabotage events, disturbances, misoperations, outages, and directives. The system will provide the following functions:

- Document processes
- Store procedures
- Documentation tracking and change management capability
- Provide forms
- Track activities
- Store evidence
- Document risks
- Monitor controls
- Identify gaps, propose solutions to close gaps and monitor effectiveness
- Send reminders (i.e. maintenance due dates, outstanding issues) to appropriate personnel
- Track outstanding activities and provide notification to appropriate personnel
- Provide Executives with status reports and ability to monitor compliance effectiveness

This proposal includes three independent secure licenses to the City for documenting, loading, and viewing evidence and status reports and one license for only viewing. Additional licenses can be provided at a very low rate. ZGlobal will be responsible for setting up and maintaining the system, and providing the City users with support.

Alternatively, the City can purchase licenses directly from Microsoft Online Sharepoint. ZGlobal will set-up and maintain the solution, as well as provide the City users with support. With this option the City will provide ZGlobal

## Scope of Work

3 licenses during the term of the contract.. The current rate for SharePoint Online is \$5.25/mo/user. The business productivity product is \$10/mo/user and offers additional cloud services such as Exchange Online, Office Live Meeting, and Office Communications Online. Information on the Microsoft cloud products is available at: <http://www.microsoft.com/online/default.aspx>

### ASSESSMENT OF REGULATORY STANDARD REQUIREMENT APPLICABILITY

ZGlobal will perform an assessment of all FERC approved NERC and WECC regulatory Standards compared to the City interconnection and Tariff agreements (NCPA, PG&E, and CAISO) to determine and document the applicability of the requirements. We will document the processes or methodologies, procedures, and equipment needed to comply with the requirements. We will provide the following services:

- A review of all existing materials for adequacy;
- Recommendations for improvement;
- Prepare procedures;
- Review evidence;
- Obtain and review secondary evidence with the assistance of the City, identify where gaps exist and propose solutions to close gaps;
- Provide training on the procedures to all appropriate staff.

### SABOTAGE IDENTIFICATION AND REPORTING

The City is required to have procedures for the recognition of and for making operating personnel aware of sabotage events on its facilities and multi-site sabotage events that affect larger portions of the interconnection. The procedure must also include the process for reporting incidents to appropriate authorities.

ZGlobal will review the City's existing procedure, evidence, and methodology for ensuring that operating personnel are aware of the need to identify and report sabotage events. We will provide recommendations for improvement where needed. We will also update the procedure as needed, verify procedure contacts annually, and provide ongoing training to all operations staff.

### RISK BASED ASSESSMENT FOR IDENTIFYING CRITICAL ASSETS

The City is required to identify and document a risk-based assessment methodology approved by senior management in order to identify its critical assets. Using the methodology the City is required to list all assets and apply the methodology to determine if the asset will be deemed critical to the bulk electric system. We will review and update the methodology and other evidence to demonstrate compliance. We will prepare a procedure for the City to be compliance with CIP-002-4 that has recently been approved by the NERC board of trustees. We will fill all gaps and provide recommendations for improvement where required.

### BULK ELECTRIC SYSTEM DISTURBANCE

NERC requires prompt analysis of all bulk electric system disturbances on system or facilities. ZGlobal will prepare a procedure and a form for analyzing disturbances and implement a tracking system to ensure the analysis is

## Scope of Work

performed within the required time frame. The form will be tied to monitored alarms as all alarms should be evaluated to determine if a bulk electric system disturbance occurred.

The City will be responsible for implementing the procedure and forms. All investigations and root cause analysis will be performed by the City. ZGlobal will assist and advise when needed.

### **FACILITY INTERCONNECTION PROCEDURE**

NERC requires the City to coordinate and cooperate on an assessment for integrating generation facilities, transmission facilities, and electricity end-user facilities with PG&E, CAISO and WECC. The City must demonstrate that it meets all PG&E, CAISO and applicable WECC criteria through reliability studies.

ZGlobal will document a procedure that describes the interconnection coordination process, review the City's evidence of its cooperation and that PG&E performed steady-state, short-circuit, and dynamics studies as required by NERC and WECC.

### **TELECOMMUNICATION & COMMUNICATION PROTOCOL**

NERC requires the City to follow directives and respond to requests for emergency assistance via telecommunication facilities. ZGlobal will document a procedure that describe the protocol for using three way communications as required by PG&E, CAISO and WECC, caller verification, responding to directives and requests for emergency assistance, and communication on recorded lines. ZGlobal will also create a form in the SharePoint compliance site for logging communications and train all operations staff.

### **CAPACITY BENEFIT MARGIN**

NERC requires the City to determine the need for transmission capacity to be set aside as capacity benefit margin for imports into a Balancing Authority area and requires the one of the following studies:

- Loss of Load Expectation studies
- Loss of Load Probability studies
- Deterministic risk-analysis studies
- Identification of reserve margin or resource adequacy requirements established by other entities, such as municipalities, state commissions, regional transmission organizations, independent system operators, regional reliability organizations, or regional entities.

During a NERC energy emergency alert 2 or higher, the City is required to request and coordinate the use of the transmission capacity set aside for the capacity benefit margins.

ZGlobal will document the process followed by the City, NCPA, and the CAISO for meeting this requirement and log the evidence on the City's compliance SharePoint system.

### **LOAD ACTUAL AND FORECAST ASSESSMENT**

NERC requires the City to provide PG&E and the CAISO with their prior year's hourly demand for electricity, a forecast of the expected demands, and interruptible demands and direct control load management for the

## Scope of Work

following 5 years. NERC also requires the City to clearly document how the demand and energy effects of demand side management programs (such as conservation, time-of-use rates, interruptible demand, and direct control load management) are addressed.

ZGlobal will document the long and short-term forecasting process that clearly identifies how demand side products are used. We will also document the reporting requirements and create forms and folders as required to maintain evidence that the forecast was developed to meet all criteria and submitted to appropriate authorities.

### **MAINTENANCE, MONITORING, AND TESTING**

NERC standards require the City to establish and document a maintenance plan for all protection system equipment, under frequency load shedding, under voltage load shedding, special protection systems, disturbance monitoring equipment, power system stabilizers, and devices that control the frequency and reactive power of the bulk electric system.

The procedure should document the methodology for performing all maintenance and tests, specify maintenance intervals, and provide the basis for the intervals such as manufacturing specifications, IEEE recommended standards, or other technical documentation or engineering experience/best practice.

At minimum the maintenance and testing procedure must include protection relays, voltage and current sensing devices, batteries, DC control circuitry, protection relay communication systems, UFLS, UVLS, SPS, disturbance monitoring equipment, power system stabilizers, and devices that control reactive power injected into the grid. The procedure should identify any telemetered monitored points from the protection equipment monitored by the City.

ZGlobal will review existing maintenance programs or create maintenance programs where needed for the protection system that impacts the bulk electric system and under the scope of the NERC and WECC Standards.

### **MAINTENANCE AND TESTING TRACKING SYSTEM**

The maintenance and testing standard is the most violated standard due to late maintenance and testing. We will setup the compliance system to monitor, track and maintain evidence of timely equipment maintenance and testing if needed.

### **UNDER FREQUENCY LOAD SHEDDING, UNDER VOLTAGE LOAD SHEDDING, AND SPECIAL PROTECTION SYSTEM ASSESSMENT AND REPORTING**

NERC Standards require the under frequency load shedding and under voltage load shedding to be consistent with WECC criteria and to provide, and annually update the program data as necessary.

The City is also required to analyze and document the under frequency and under voltage load shedding program performance. The report should address the performance of the program equipment and effectiveness following system events resulting in system frequency or voltage excursions below the initializing set points of the programs. Any special protection system activation is required to be reviewed with WECC and evidence of the review must exist.



## Scope of Work

The City owns an under frequency load shedding program but does not own a under voltage load shedding or special protection system program.

ZGlobal will review the City's documentation for assessing the under frequency load shedding program operations and reporting the assessment to WECC. We will prepare a procedure for the assessment and a log in the SharePoint Compliance system to log and track the timely reporting of the review.

### **MISOPERATIONS**

NERC requires a corrective action plan for all protection system Misoperations and WECC requires quarterly reporting of Misoperations. ZGlobal will prepare a procedure and form for analyzing protection system Misoperations and implement a tracking system to ensure the analysis and report are performed within the required time frame. The form will be tied to monitored alarms as all alarms should be evaluated to determine if a protection system Misoperation occurred. ZGlobal will ensure timely reporting of the WECC quarterly reporting.

### **RELAY SETTINGS**

The City is required to use one of thirteen criteria for any specific circuit terminal to prevent its phase protective relay settings from limiting transmission system loadability while maintaining reliable protection of the bulk electric system relays for all fault conditions.

ZGlobal will identify the phase protection relay settings and review all relay settings to ensure and evidence compliance.

### **UNIFORM LINE IDENTIFIERS**

NERC requires that uniform line identifiers be used in all communications between the transmission operator and the City. ZGlobal will review operations documentation including drawings to ensure line identifiers are consistent with PG&E. We will obtain evidence of the coordination of the line identifiers with PG&E where necessary.

### **CRITICAL INFRASTRUCTURE AND PROTECTION SYSTEM**

ZGlobal does not include CIP-003 through CIP-009 in this proposal as the City has determined it is not a critical asset.

### **NERC ALERT MANAGEMENT (OPTIONAL)**

ZGlobal will assist with the monitoring, and notify appropriate City staff, and provide timely response to the NERC Alert portal. We will prepare a procedure and training for managing the alerts.

### **INTERNAL COMPLIANCE PROGRAM (OPTIONAL)**

#### **DOCUMENTED INTERNAL COMPLIANCE PROGRAM**

The documented ICP will include the following:

## Scope of Work

- A description of the City's compliance management structure.
- A description of the process for reporting and investigating potential violations.
- A description of the City's mechanisms that allow for anonymity or confidentiality, whereby the City's employees and agents may report or seek guidance regarding potential or actual violations without fear of retaliation.
- Overview awareness training to the City's governing authority, directors, management, and individual(s) who have been delegated with day-to-day operational responsibility for compliance to requirements.
- A description of the City's program that prevents and detects violations including:
  - Training programs
  - Processes
  - Procedures
  - Controls
  - Self-audits
- The City's incentives for its employees or agents to perform in accordance with the compliance program.
- The City's disciplinary measures for employees or agents engaging in violations and for failing to take reasonable steps to prevent or detect violations.
- Annual internal audit schedule for applicable regulatory standards.
- A description of City's process for self-certifying compliance to regulatory standards.
- Quarterly ICP status reports to senior management that includes the:
  - Health of ICP;
  - Status of any potential non-compliance activity;
  - Status of mitigation plans for any non-compliance reports;
  - Status on activities required to prepare for compliance with all new FERC approved standards;
  - Summary and status of requests for standards authorization, new criteria, or rules that impact the City;
  - Other updates on industry regulatory trends.
- Internal audit reports.
- Attendance and notes from WECC conferences.

## SELF-CERTIFICATION ASSESSMENT

One month prior to the WECC self-certification due date for each standard, ZGlobal will survey applicable processes and evidence for demonstration of compliance. A written report with an assessment of compliance will be provided to the City. The evidence will be logged in preparation for a possible spot audit.

## AUDITS

ZGlobal will prepare all Reliability Standard Audit Worksheets (RSAWs) and evidence for spot audits, table top audits and on-sight audits. The evidence will be clearly identified in each document and electronically assemble in file folder structure for each requirement and sub-requirement of each Standard. The file folder will be provided to the process owner(s) for acceptance and senior management for certification. All auditor follow-up questions will be directed through ZGlobal to assure immediate and timely response.

The Table-top and On-sight audits will include the documented ICP on the auditing entity forms.

## Scope of Work

### NON-COMPLIANCE ISSUE MANAGEMENT

ZGlobal will provide project management services for all potential non-compliant activity identified during the audit or by a process owner. We will direct the investigation with the process owner and prepare an assessment report to the City for final determination.

Non-compliance issue management has not been included in the hours considered for the not-to exceed price of this proposal. ZGlobal, however, will offer 24 hours of free service for any non-compliance issues identified as part of our initial assessment.

### COSTS OF SERVICE

The NERC/WECC compliance management services defined in the statement of work will be provided by ZGlobal Engineering and Energy Solutions to the City at the following cost.

#### SUMMARY OF COST:

SERVICES	COST
Year 1 – NERC/WECC compliance management services	\$42,000
Year 2 – Ongoing compliance management support (includes annual internal audit)	\$30,000

On-site or off-site audits and potential non-compliance management services will be billed at time and materials. The hourly rate of \$125.00 per hour shall be guaranteed for 24 months from the date of the contract. The prices for additional years of work beyond the second year will be reevaluated for changes to the scope and cost of living increases but will not exceed an hourly rate increase greater than 6%. The Professional Service Agreement shall be for a 24 month term.

### COMPLIANCE MANAGEMENT TEAM

The compliance management team consists of Mary Jo Cooper, Kevin Coffee, Kyle Hoffman, and Jesse Montano. Additional ZGlobal staff is available to ensure timely services and subject matter expert advice. The compliance management team profiles are included in Attachment A.

If the City agrees with these services listed herein, ZGlobal will commence work immediately. ZGlobal will furnish the City with required insurance documentation and move quickly to execute a formalized agreement.

## ATTACHMENT A

### **Mary Jo Cooper – Compliance Director**

Mary Jo has over 16 year experience in the electric utility industry providing regulatory compliance management services, risk and control assessments, auditing, energy modeling, forecasting, and energy management/ demand response services.

Mary Jo joined ZGlobal Engineering and Energy Solutions in December of 2009 and has provided NERC compliance management services to Z Global clients.

Prior to ZGlobal, in 2009 she established a regulatory compliance program for First Winds generation and transmission projects that included a company-wide internal compliance program (ICP). The program ensured compliance with North American Electric Reliability Corporation (NERC) and regional regulatory standards, and timely DOE, EIA, GADDs, WREGIS and ISO mandatory filings. One year later she successfully led the company through a NERC Compliance audit whose auditors found First Wind fully compliant with no recommendations for improvement. In fact the lead auditor publically complimented the program stating “First Wind’s project company had an excellent set of procedures”, which she prepared.

While working at the California Independent System Operator (CAISO), she assisted on a task force to establish the CAISO NERC compliance program while also directly managing over the SAS 70 audit. The SAS 70 audit is similar to NERC compliance in that processes are documented, evidence is collected, and external auditors audit the program. The SAS 70 audit provides reasonable assurance over settlements statements by auditing process controls of the CAISO bid-to-bill processes.

As the elected founding co-chair of the North American Generator Forum she used her leadership, advocacy, and technical skills to assist her electrical generation industry colleagues. The North American Generator Forum is the group that also represents the perspective of over 400 members with generation companies across the United States to the NERC.

She prepared and presented testimonies and worked on policy development on behalf of the CAISO in front of the following:

- California State Senate Committee;
- California State Legislature Committee;
- California Public Utilities Commission;
- Governors Advisors;
- Water Resource Boards, and other industrial forums.
- 

Her published reports include CAISO seasonal assessments and SAS 70 reports.

#### **Professional History**

- 2009 – 2010 First Wind
- 2002 – 2009 California Independent System Operator
- 2000 – 2002 Service Resources and Envinta
- 1997 – 2000 Henwood Energy Services
- 1995 – 1997 Honeywell Home and Building Controls
- 1994 – 1995 Bechtel International

## Scope of Work

### Expert Witness

California Public Utility Commission

### Education

MBA, California State University Sacramento

B.S., Electrical Electronic Engineering, California State University Sacramento

### Professional Associations

Engineer-In-Training: License No. XE091208

Institute of Energy Managers, Certified Energy Manager

Associations of Internal Auditors, Certified Control Self-Assessment

Generator Forum, Founding Co-Chair

## Kevin Coffee – Vice President, Energy Markets and Procurement

Kevin has over 25 years of hands on experience in the energy industry. He has more than 12 years of experience in system analysis applications and electrical design, and spent 5 years directing operations associated with procuring and delivering wholesale power to retail direct access customers. Kevin has over 8 years of experience managing direct energy procurement, transmission assessment, and asset management designed to minimize costs to electricity customers.

### Professional History

- 2002 – 2010 Pacific Gas & Electric Company, Manager of Electric Procurement
- 2001 – 2002 ElecTrade, Director of Operations
- 1997 – 2001 PG&E Energy Services, Director of Operations
- 1984 – 1997 Pacific Gas & Electric Company, Power Control & Diablo Canyon Power Plant Power Contracts

### Education

B.S.E.E., Electrical Engineering, New Mexico State University - Las Cruces, NM

M.S.E.E., Electrical Engineering, New Mexico State University - Las Cruces, NM

### Professional Associations

Registered Professional Electrical Engineer in California

## Kyle Hoffman – Manager of Energy Scheduling

Kyle Hoffman, most recently Manager of Scheduling, at the California ISO (CAISO), has extensive experience in Balancing Authority Area, natural gas pipeline and electric utility operations. At the CAISO Kyle was one of three operations managers responsible for Balancing Authority interchange scheduling, Balancing Authority Area operations inclusive of the Energy Management System (EMS), Outage Coordination, NERC Reliability Standards compliance and the annual self certification process. Kyle was the lead CAISO negotiator for transmission contracts and served as an expert witness for both Grid and Market Operations before FERC.

Kyle is an expert on Interchange Scheduling (e-Tag NERC 1.8.1), NERC Balancing Authority (BAL and MOD) and Interchange Scheduling (INT) standards and the WECC ATEC Inadvertent Interchange payback process. His experience includes Joint Transmission projects with transmission owners who chose not to “join” the CAISO, and negotiations of the related Operating Agreements. Kyle is a subject matter expert on Dynamic Interchange

## Scope of Work

Scheduling and the use of Pseudo Ties, which he developed while with the CAISO. He recently co-authored an IEEE article related to the design and use of Pseudo ties in a Locational Marginal Price (LMP) Market. His experience includes work on various environmental initiatives, such as Green House Gases, Once through Cooling and the reliable integration of the State's 33% Renewable Portfolio Standard (RPS) to meet the 2020 RPS goal.

Kyle was the primary CAISO Operations trainer for Scheduling and Balancing Authority related curriculum, presenting NERC certified courses to CAISO floor crews. He served as the CAISO governmental relations host for various legislative, environmental and regulatory CAISO visitors, presenting overviews of balancing authority and electric systems operations, as an engineer who could talk and who was sensitive to political and environmental issues.

Prior to joining the CAISO, Mr. Hoffman was an Executive Consultant with Resource Management International, Inc. (now Navigant) and a Division Manager for Pacific Gas and Electric Company (PG&E).

As Sacramento Division Manager, Mr. Hoffman was responsible for geographical gas and electric utility distribution engineering and operations, customer service, marketing and governmental relations. Previously with PG&E, he designed natural gas pipelines and compressor stations, was responsible for CPUC GO 112 compliance, and held various management positions in engineering, operations, and construction.

A native of California, Kyle received his Bachelor of Science degree in Mechanical Engineering from the University of California, Davis. Go Ags!

### Professional History

- California ISO, Grid Operations - Manager, Scheduling
- California ISO, External Affairs - Lead Policy Issues Representative
- California ISO, Market Services - Manager, Client Account Management
- Resource Management International, Inc. (Navigant) - Executive Consultant
- Pacific Gas & Electric Company
  - Division Manager, Sacramento
  - Division Manager, Vaca Valley
  - Executive Assistant to the Senior Vice President - Operations, San Francisco
  - Executive Assistant to the Vice President Gas Operations, San Francisco
  - Senior Gas Transmission Engineer, Revenue Requirements, San Francisco
  - Senior Gas Transmission Engineer, Gas System Planning, San Francisco
  - Division Gas Superintendent, Humboldt Division, Eureka
  - Division Gas Engineer, Humboldt Division, Eureka
  - Gas Engineering positions, San Francisco, Fresno, Bakersfield, San Jose

### Education

B.S., Mechanical Engineering, University of California, Davis

## **Jesse Montaño – Manager of Infrastructure Development**

Jesse has more than 25 years of experience in the electric industry. Prior to joining ZGlobal, Jesse spent 13 years managing the operation and maintenance of multiple renewable generating facilities in Southern California. In 2001 Jesse joined the Imperial Irrigation District (IID) as a Transmission and Reliability System Operator where he operated IID's high voltage electric system.

Jesse was promoted and became responsible for managing IID's Open Access Same Time Information System (OASIS) and adopting an Open Access Transmission Tariff. Jesse was instrumental in the creation and development

## Scope of Work

of WestTrans.net, the OASIS site boasting 22 transmission providers serving 14 states in the western United States. Jesse chaired the WestTrans Technical Committee for a period of time.

Jesse also administered short and long term transmission capacity purchases, sales, and interchanges with a number of utility marketers, brokers, and the California ISO. Jesse managed IID's generator interconnection process and oversaw multiple generators that are now interconnected to the electrical grid.

Jesse eventually managed the IID's business development section where he negotiated multiple power purchase agreements.

### **Professional History**

- 2001 – 2010 Imperial Irrigation District
- 1988 – 2001 Cal Energy Corp.

### **Expert Witness**

WECC Certified System Operator

### **Education**

Public Accounting, Universidad de Sonora – Hermosillo Sonora, MX.



## Scope of Work

### NON-COMPLIANCE ISSUE MANAGEMENT

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If the City agrees with these services listed herein, ZGlobal will commence work immediately. ZGlobal will furnish the City with required insurance documentation and move quickly to execute a formalized agreement.





**Insurance Requirements for Contractor** The Contractor shall take out and maintain during the life of this contract, insurance coverage as listed below. These insurance policies shall protect the Contractor and any subcontractor performing work covered by this contract from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from Contractor's operations under this contract, whether such operations be by Contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amount of such insurance shall be as follows:

- |  |  |
|--|--|
| 1. <u>COMPREHENSIVE GENERAL LIABILITY</u>                                    | 2. <u>COMPREHENSIVE AUTOMOBILE LIABILITY</u> |
| \$1,000,000 Ea. Occurrence   | \$1,000,000 Bodily Injury - Ea. Person       |
|  | \$1,000,000 Bodily Injury - Ea. Occurrence   |
| \$2,000,000 Aggregate  | \$1,000,000 Property Damage - Ea. Occurrence |
| 3. <u>PROFESSIONAL ERRORS AND OMISSIONS</u>                                  |  |
| Not less than \$1,000,000 per Claim. Certificate of Insurance only required. |  |

NOTE: Contractor agrees and stipulates that any insurance coverage provided to the City of Lodi shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in the California Tort Claims Act (California Government Code Section 810 et seq.).

**NOTE:** (1) The street address of the **CITY OF LODI** must be shown along with (a) and (b) above: 221 West Pine Street, Lodi, California, 95241-1910; (2) The insurance certificate must state, on its face or as an endorsement, a description of the project that it is insuring.

A copy of the certificate of insurance with the following endorsements shall be furnished to the City:

- (a) Additional Named Insured Endorsement  
Such insurance as is afforded by this policy shall also apply to the City of Lodi, its elected and appointed Boards, Commissions, Officers, Agents, Employees, and Volunteers as additional named insureds.  
  
(This endorsement shall be on a form furnished to the City and shall be included with Contractor's policies.)
- (b) Primary Insurance Endorsement  
Such insurance as is afforded by the endorsement for the Additional Insureds shall apply as primary insurance. Any other insurance maintained by the City of Lodi or its officers and employees shall be excess only and not contributing with the insurance afforded by this endorsement.
- (c) Severability of Interest Clause  
The term "insured" is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limit of the company's liability.
- (d) Notice of Cancellation or Change in Coverage Endorsement  
This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 W. Pine St., Lodi, CA 95240.

**Compensation Insurance** The Contractor shall take out and maintain during the life of this contract, Worker's Compensation Insurance for all of Contractor's employees employed at the site of the project and, if any work is sublet, Contractor shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the Contractor. In case any class of employees engaged in hazardous work under this contract at the site of the project is not protected under the Worker's Compensation Statute, the Contractor shall provide and shall cause each subcontractor to provide insurance for the protection of said employees. This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 W. Pine St., Lodi, CA 95240.

NOTE: No contract agreement will be signed nor will **any** work begin on a project until the proper insurance certificate is received by the City.



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
8/24/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER <b>DOUGLAS J GORDON INS AGCY INC</b> 9700 Fair Oaks Blvd Ste I Fair Oaks, CA 95628 OG50060	CONTACT NAME: <b>Douglas J Gordon</b> PHONE (A/C, No, Ext): <b>(916) 962-1026</b> FAX (A/C, No): <b>(916) 962-1020</b> E-MAIL ADDRESS: <b>dgordon2@sbcglobal.net</b> PRODUCER CUSTOMER ID #:
INSURED <b>ZGLOBAL</b> <b>Ziad Alaywan</b> 604 Sutter Street # 250 Folsom, Ca 95630 916 985-9461	INSURER(S) AFFORDING COVERAGE INSURER A: <b>Colony Insurance Co</b> INSURER B: <b>Gemini Insurance</b> INSURER C: <b>Truck Insurance Exchange</b> INSURER D: INSURER E: INSURER F:

## COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY	x		GL154334	05/09/11	05/09/12	EACH OCCURRENCE \$ <b>3,000,000</b>
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ <b>100,000</b>
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ <b>excluded</b>
	GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						PERSONAL & ADV INJURY \$ <b>excluded</b>
							GENERAL AGGREGATE \$ <b>3,000,000</b>
							PRODUCTS - COMP/OP AGG \$ <b>excluded</b>
							\$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS						\$
	<input type="checkbox"/> NON-OWNED AUTOS						\$
							\$
	UMBRELLA LIAB	<input type="checkbox"/> OCCUR					EACH OCCURRENCE \$
	EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE					AGGREGATE \$
	DEDUCTIBLE						\$
	RETENTION \$						\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	Y/N <input type="checkbox"/>	N/A	A05108000	08/22/11	08/22/12	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER
	E.L. EACH ACCIDENT \$ <b>1,000,000</b>						
	E.L. DISEASE - EA EMPLOYEE \$ <b>1,000,000</b>						
	E.L. DISEASE - POLICY LIMIT \$ <b>1,000,000</b>						
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						
B	Professional			VPPL002722	06/22/11	06/22/12	Each Claim \$ <b>2,000,000</b> Aggregate \$ <b>2,000,000</b>

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

## CERTIFICATE HOLDER

## CANCELLATION

City of Lodi  
221 West Pine Street  
Lodi, CA 95241-1910

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

© 1988-2009 ACORD CORPORATION. All rights reserved.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### SCHEDULE

Name of Additional Insured Person(s) or Organization(s) (Additional Insured):	Location(s) of Covered Operations:
ALL PERSONS OR ORGANIZATIONS AS REQUIRED BY WRITTEN CONTRACT WITH THE NAMED INSURED.	AS DESIGNATED IN WRITTEN CONTRACT WITH THE NAMED INSURED.

- A. **SECTION II – WHO IS AN INSURED** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule for whom you are performing operations when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

- B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

#### **Additional Insured Contractual Liability**

"Bodily injury" or "property damage" for which the additional insured(s) are obligated to pay damages by reason of the assumption of liability in a contract or agreement.

#### **Finished Operations at Work**

"Bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization.

**Negligence of Additional Insured**

"Bodily injury" or "property damage" arising directly or indirectly out of the negligence of the additional insured(s).

- C. **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 4. Other Insurance** is amended and the following added:

The insurance afforded by this Coverage Part for the additional insured shown in the Schedule is primary insurance and we will not seek contribution from any other insurance available to that additional insured.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of Section IV – **Conditions**:

We waive any rights of recovery we may have against any person or organization because of payments we make for injury or damage resulting from your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard" if:

- a. you agreed to such waiver;
- b. the waiver is included as part of a written contract or lease; and
- c. such written contract or lease was executed prior to any loss to which this insurance applies.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.



# CERTIFICATE OF INSURANCE

SUCH INSURANCE AS RESPECTS THE INTEREST OF THE CERTIFICATE HOLDER NAMED BELOW WILL NOT BE CANCELED OR OTHERWISE TERMINATED WITHOUT GIVING 10 DAYS PRIOR WRITTEN NOTICE TO THE CERTIFICATE HOLDER, BUT IN NO EVENT SHALL THIS CERTIFICATE BE VALID MORE THAN 30 DAYS FROM THE DATE WRITTEN. THIS CERTIFICATE OF INSURANCE DOES NOT CHANGE THE COVERAGE PROVIDED BY ANY POLICY DESCRIBED BELOW.

This certifies that: ☐ STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY of Bloomington, Illinois  
☒ STATE FARM FIRE AND CASUALTY COMPANY of Bloomington, Illinois  
☐ STATE FARM COUNTY MUTUAL INSURANCE COMPANY OF TEXAS of Dallas, Texas  
☐ STATE FARM INDEMNITY COMPANY of Bloomington, Illinois, or  
☐ STATE FARM GUARANTY INSURANCE COMPANY of Bloomington, Illinois

has coverage in force for the following Named Insured as shown below:

NAMED INSURED: ALAYWAN, ZIAD C/O Z GLOBAL							
ADDRESS OF NAMED INSURED: 604 SUTTER STREET, STE 250, FOLSOM, CA 95630							
POLICY NUMBER	090-2316-F07-05P	191-0178-C18-05B0					
EFFECTIVE DATE OF POLICY	6/7/11-6/7/12	3/18/11-3/18/12					
DESCRIPTION OF VEHICLE (Including VIN)	2008 MBZ -23733	ANY					
LIABILITY COVERAGE	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
LIMITS OF LIABILITY							
a. Bodily Injury							
Each Person							
Each Accident							
b. Property Damage							
Each Accident							
c. Bodily Injury & Property Damage							
Single Limit							
Each Accident	1,000,000	1,000,000					
PHYSICAL DAMAGE COVERAGES	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
a. Comprehensive	\$ 250 Deductible	\$ Deductible	\$ Deductible	\$ Deductible	\$ Deductible	\$ Deductible	\$ Deductible
b. Collision	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
	\$ 500 Deductible	\$ Deductible	\$ Deductible	\$ Deductible	\$ Deductible	\$ Deductible	\$ Deductible
EMPLOYERS NON-OWNED CAR LIABILITY COVERAGE	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
HIRED CAR LIABILITY COVERAGE	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
FLEET - COVERAGE FOR ALL OWNED AND LICENSED MOTOR VEHICLES	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO

Signature of Authorized Representative  
 Name and Address of Certificate Holder

AGENT  
 Title

05-3416  
 Agent's Code Number

08/24/2011  
 Date

ADDITIONAL INSURED:  
 CITY OF LODI,  
 ITS ELECTED & APPOINTED BOARDS, COMMISSIONS,  
 OFFICERS, AGENTS & VOLUNTEERS  
 221 WEST PINE STREET  
 LODI, CA 95241-1910

Name and Address of Agent

Mike Rosa. Agent Lic. #0F45583  
 1042 country Club Drive, Suite 2D  
 Moraga, CA 94556-1953  
 Bus 925 376 2244 Fax 925 376 7178  
 mike.rosa.p0te@statefarm.com



INTERNAL STATE FARM USE ONLY: ☒ Request permanent Certificate of Insurance for liability coverage.  
 122429.3 Rev. 07-26-2005 ☒ Request Certificate Holder to be added as an Additional Insured.

RESOLUTION NO. 2011-152

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING  
THE CITY MANAGER TO EXECUTE A TWO-YEAR PROFESSIONAL  
SERVICES AGREEMENT WITH Z-GLOBAL ENGINEERING AND  
ENERGY SOLUTIONS, OF FOLSOM, FOR COMPLIANCE SERVICES  
WITH ADMINISTRATION BY THE ELECTRIC UTILITY DIRECTOR IN  
AN AMOUNT NOT TO EXCEED \$103,800

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WHEREAS, since 1968 the North American Electric Reliability Corporation (NERC) has been committed to ensuring the reliability of the bulk power system in North America; and

WHEREAS, in August 2003, 50 million people in the northeastern and mid-western U.S. and Canada were affected by a massive electricity blackout, prompting U.S. legislators to mandate standards compliance via the Energy Policy Act of 2005; and

WHEREAS, as of June 18, 2007, the U.S. Federal Energy Regulatory Commission (FERC) granted NERC the legal authority to enforce reliability standards with all users, owners, and operators of the bulk power system in the United States, and made compliance with those standards mandatory and enforceable; and

WHEREAS, the City of Lodi Electric Utility Department (LEU) as required by NERC is registered with the Western Electricity Coordinating Council (WECC) as a Load Serving Entity (LSE) and Distribution Provider (DP); and

WHEREAS, to date LEU has provided the WECC with all required documentation to demonstrate compliance with the NERC reliability standards applicable to LSEs and DPs; and

WHEREAS, in order to remain compliant and avoid costly penalties, LEU needs a robust compliance program that meets and/or exceeds required NERC/WECC reliability standards requirements; and

WHEREAS, staff researched various firms that provide this service and consulted with Northern California Power Agency members who have retained compliance specialists and has determined the experience and expertise of Z-Global Engineering and Energy Solutions are best suited to meet LEU's compliance needs as shown on its proposal as attached to the Professional Services Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute a two-year Professional Services Agreement with Z-Global Engineering and Energy Solutions, of Folsom, for compliance services with administration by the Electric Utility Director; and

BE IT FURTHER RESOLVED that the City may exercise an option to extend this contract one additional year on 30 days written notice prior to this contract's expiration, on the same terms and conditions set forth herein. If the City exercises this option, Contractor may increase its fee by an amount not to exceed six percent.

Dated: October 5, 2011

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I hereby certify that Resolution No. 2011-152 was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 5, 2011, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Katzakian, Mounce, Nakanishi,  
and Mayor Johnson

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – ~~None~~

  
RANDI JOHL  
City Clerk